

**MINUTES OF A MEETING**



**April 24 – 25, 2008**



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**MINUTES OF A MEETING  
ARIZONA BOARD OF REGENTS  
Thursday and Friday, April 24-25, 2008**

A meeting of the Arizona Board of Regents was held April 24 and 25, 2008, in the Student Union Memorial Center, at the University of Arizona, Tucson, Arizona.

President Boice called the meeting to order at 10:40 a.m.

Present:               Regent Fred Boice  
                          Regent Robert Bulla  
                          Regent Ernest Calderón  
                          Regent Dennis DeConcini  
                          Regent Fred DuVal  
                          Regent LuAnn Leonard  
                          Regent Anne Mariucci  
                          Regent Bob McLendon  
                          Regent David Martinez  
                          Regent Mary Venezia

Absent:                Governor Janet Napolitano  
                          Superintendent Tom Horne

Also present were President Robert Shelton, Mr. Gregory Fahey, Dr. Jacqueline Mok, Dr. Gene Sander, Ms. Edith Auslander, Mr. Mike Proctor, Ms. Carla Nunn, and Mr. Joel Valdez, University of Arizona; President John Haeger, Dr. Elizabeth Grobsmith, Mr. Mark Neumayr, Dr. M. J. McMahon, and Ms. Kathe Shinham, Northern Arizona University; President Michael Crow, Dr. Christine Wilkinson, Ms. Carol Campbell, Mr. Adrian Sannier, Mr. Rich Stanley, and Mr. Paul Ward, Arizona State University; Executive Director Joel Sideman, Secretary to the Board Peggy Martin, Board Counsel Nancy Tribbensee, Dr. Art Ashton, Ms. Kathy Bedard, Ms. Gale Tebeau, Ms. Christine Thompson, Ms. Anne Barton, Ms. Stella Galaviz, Dr. Mark Denke, Mr. Lorenzo Martinez, Dr. Sandra Woodley, Ms. Cathy McGonigle, Ms. Stephanie Jacobson, and Mr. Dan Anderson, Central Office; Darcy Renfro and Dr. George Watson, Arizona Faculties Council.

All list, reports, summaries, background materials and other documents referred to in these minutes can be found in the April 24-25, 2008 Documents Files.

Regent Boice then turned the next portion of the meeting over to Regent DuVal.

**STUDY SESSION: ECONOMIC STIMULUS PROGRAM** (Board Agenda Item #1)

Regent DuVal stated that the Board would be reviewing the proposed Economic Stimulus Program, which is designed to stimulate Arizona's economy with investments in revitalizing the universities' infrastructure and building much-needed new facilities. The Board will also be asked to consider and approve a resolution supporting the Economic Stimulus Program.

Regent DuVal went on to say that Arizona suffers a challenging and difficult budget deficit this year and next. Some people are saying that with crisis comes opportunity. It is in that spirit that the Board will look critically at a unique proposal that should not only jump-start Arizona's economy, but will also make critical investments in the Universities. It is well known that Arizona's economy is too dependent on construction. When there is a downturn in the residential and commercial markets, there is not sufficient strength in other parts of the economy to offset the decline. The construction industry lost 5,300 jobs in January alone, its fifth consecutive month of losses. The chain reaction of construction job loss manifests itself all across our economy and has made our state's deficit among the worst in the nation.

Without question, Arizona needs a more diversified and innovation-based economy, but to achieve that would take a decade or more to accomplish, even if there was a broad-based and coordinated effort aimed at the goal. Economic diversification is not a solution to the current dire economic troubles. The quickest way to get Arizona's economy moving again is to reverse the sharp decline in the construction industry.

Regent DuVal stated that today the Board will hear more about the Economic Stimulus Program that has been proposed for legislative consideration. It is designed to stimulate Arizona's economy and invest resources in the university system to address deferred maintenance and build much-needed new facilities.

Today's session will be divided into two segments. During the first segment, the Board will review the specific capital projects to be funded through the Economic Stimulus Program and other elements of the program. The Board will hear from economic and industry experts on the expected impact and benefits of the proposed program. The second segment will spotlight examples from each of the Universities, demonstrating how Arizona's public investment in research and research infrastructure has paid off in terms of return on investment and other specific benefits for Arizona.

Christine Thompson joined the meeting for this portion of the presentation.

Christine Thompson went over the details of the package. The proposal is a \$1.4 billion construction stimulus program which invests in both deferred maintenance and also in new construction. \$470 million is dedicated to the Phoenix Biomedical Campus, \$330 million to ASU, \$327 million to UA and \$310 million to NAU. The universities would begin the project next fiscal year and would take up the construction costs at the front and capitalize the costs as part of the debt service. The assumptions are based on a 5% rate and a term of 25 years. It would cost roughly \$103 million to pay for the debt service on the \$1.4 billion. The universities would be asked to contribute 20% of the \$103 million and the state to pay the remainder. The projects are rolled in over a series of years.

Regent DuVal then asked Regent Calderón to comment on and put in perspective the significant deferred maintenance needs at the universities.

Regent Calderón stated that one of the components of the stimulus program is Deferred Maintenance funding. This portion of the package includes \$525.7 million for the three universities and is a critical component. In total, the universities identified 76 individual

projects that will deal with code compliance, repair of mechanical and other utility systems, and renovation of buildings to make them more functional.

The majority of buildings targeted for deferred maintenance corrections were built in the 1960's and 70's. These buildings have received minimal maintenance funding since they were constructed. To put the issue in perspective, the university building system is comprised of 902 academic and research facilities that include 21.8 million square feet of space. The replacement value of these facilities is \$6.4 billion.

The state's building renewal formula, which calculates the annual amount required to maintain these assets, would require \$82 million for the coming year alone. The reason there is a great need for deferred maintenance, is because the formula has not been sufficiently funded throughout the years. Between 1987 and 2008, the formula would have provided \$719 million, however, only \$166 million, or the equivalent of 23%, was funded throughout that period. The system was fortunate to receive \$20 million in 2007, however there was no funding provided the 5 years before that.

As the universities and the Board continue to deal with the need to add more space to accommodate growing enrollments and research needs, capital assets need to be preserved.

Funding for the Deferred Maintenance component of the stimulus program will go a long way toward upgrading outdated facilities and infrastructure.

Regent DuVal then asked the presidents to speak about this program.

President Shelton stated that this proposal is critical to the health of the university. The university will be putting a lot of resources into this program so the university can continue to serve the State of Arizona in educating more students and continuing to grow the research profile of the university. This proposal will help the universities continue the world class research and education that is so important to the State of Arizona.

President Crow stated that between the old and the new facilities, this is about positioning Arizona to be more competitive. This program has a range of positive impacts that will affect the broader community. It is the long term economic return of a program such as this that is more important. The long term is that for every 1% of additional workers in the workforce that we can get to a baccalaureate level of education, the state's economy prospers dramatically.

President Haeger stated the number of buildings that NAU has that need to be renovated is extremely large. In the absence of a stimulus package there are a large number of buildings on the NAU campus that are close to having to be shut down. This package is very important that the progress the State has already made not be stopped. There are 200 classrooms spread among 26 buildings on the campus. Approximately 70% of these buildings are in need of renovation. The student population has increased 11% since the Fall of 2003 and enrollments are expected to continue to grow.

Regent DuVal then introduced Dennis Hoffman, *Director and Associate Dean for Research and Doctoral Programs at ASU's Seidman Institute* and David Martin, *President of the Arizona Chapter of The Associated General Contractors of America*. Dr. Dennis Hoffman

described the impact of the Economic Stimulus Program and presented highlights of his research.

Dr. Hoffman stated that the economic implications of the stimulus package were:

Short-term: Arizona's construction industry has been hit hard by the downturn in the housing and credit markets, and Arizona has lost construction jobs in recent months. This package would deliver a much needed boost to that segment of the economy with indirect benefits to other sectors. The direct revenue impact to the state and local communities is estimated at about \$140 million with approximately a \$90 million dollar impact on the general fund.

Medium-term: ABOR has long expected enrollments in Arizona's universities to explode in the next decade, which brings the need to expand facilities. This package would improve existing facilities and build new ones, so that universities are not overwhelmed by that growth and Arizona students receive a high-quality college education.

Long-term: This package would make critical investments in infrastructure projects for higher education and research, allowing more students to earn college degrees, and helping to build a diverse, high-tech, innovation-based Arizona economy in the long term.

Dr. Hoffman stated that an analysis of the data indicates the creation of 14,438 direct jobs and multiplier efforts resulting in another 16,660 jobs for a total of 31,098 and \$1.9 billion in added gross state product during the period of the construction work.

Bonding brings the benefits to the economy sooner rather than later with the bond costs spread over the life of the project. It achieves intergenerational equity by matching costs due taxpayers with those who are beneficiaries of the project.

The long-term consequences of this project are:

1. The magnitude of the private returns of the individuals that acquire the education. The State's public universities provide an opportunity for the children of Arizona to reap returns on this order of magnitude.
2. When more college educated workers are in the workforce, greater economic prosperity is reached. And research suggests that this prosperity is shared by both the college educated workers and the other workers in the economy.
3. The value that is accrued from research that is conducted at the universities, which then attracts both federal dollars and induces private businesses located in the State to undertake R&D with the latter being the primary catalyst for economic growth.

David Martin offered the perspective of the construction industry on this program. Mr. Martin stated that the Arizona Builder's Alliance and the Associated General Contractors of Arizona support this stimulus package. There has been a lot of discussion about whether laborers can move between residential and commercial jobs. He stated that the answer is yes. Most of the jobs are so similar that minimal additional instruction is needed. Also, most of the unions cross train their laborers so they can go between residential and commercial. Mr. Martin also stated that this program would not come to late and if passed, it will have an impact on the current cycle of construction.

David Martin also stated that the construction industry has partnered with the university to raise money for the School of Construction Capital Campaign as well as being committed to

working with the university on the economic stimulus package because it is needed by the State of Arizona at this time.

Regent Mariucci encouraged the presenters/supporters of this program to develop a good, quick explanation as to why a construction stimulus program compared to other forms of stimulus is appropriate at this time. She also stated that the group needs to continue building support for this proposal.

David Martin stated that there is a very broad base of support for this proposal and the group is continuing to sign up more supporters on a regular basis.

Regent DeConcini asked where organized labor stood on this proposal. David Martin stated that they had met with many of the labor organizations and so far, everyone that they have met with supports this proposal. Regent DeConcini asked if it would be possible to include in the legislation the requirement that if the state has surplus funds a portion of any surplus to the state would be used to pay down the debt acquired under this program. Christine Thompson stated that she would look into it.

Regent Calderón stated that if this proposal does pass he believes that the Capital Committee will seek assurances that the work that will be done will be done by Arizona contractors. Also, he had been asked by members of the Capital Committee to look into the possibility of having a returning veterans hiring preference by Arizona contractors.

President Crow wanted to emphasize the information about the attraction to Arizona. College graduates between the ages of 24 and 39 are not coming to Arizona. Arizona lacks the critical mass of whatever it takes to be a place that attracts the people who are the most mobile and the most educated. Arizona ranks number one in the gap between the riches and the poorest and the growth of that gap. Education is the means to eliminate that gap.

Regent DuVal then stated that the second portion of the presentation is going to highlight the return on Arizona's public investment in the Universities' current research initiatives. He introduced Dr. Richard A. Jorgensen, Director of Plant Sciences, BIO5 the iPlant Collaborative at the University of Arizona; Dr. Rick Shangraw, Vice President for Research and Economic Affairs at ASU; and Dr. Laura Huenneke, Vice President for Research at NAU.

Dr. Jorgensen gave a powerpoint presentation on the return of investment on research at BIO5. BIO5's genesis was in the voter's approval of Proposition 301. Approximately \$5 million per year has gone to BIO5 starting in FY02. Those funds have been invested in new faculty hires and seed grants to faculty throughout the campus interested in working with life sciences. The BIO5 Institute has garnered research funding totaling approximately \$154.6 million through FY08. They hired 49 new faculty They generated a Return on Investment (ROI) to the State of 6.7 to 1.

Dr. Rick Shangraw highlighted ASU's Biodesign Institute is in the business of solving global challenges. It is also inspiring students to become the next generation of researchers achieving discoveries that benefit Arizona and humanity as a whole. The State infrastructure funding has made this possible. The Biodesign Institute has, among other things, generated

research funding totaling \$105 million, recruited over 58 new faculty and created more than 500 jobs.

Dr. Laura Huenneke highlighted NAU's ERDENE project. ERDENE cultivates opportunities for environmental research, education, outreach and business that address the most pressing economic and societal needs of the 21st century. ERDENE generated a return on \$10 million investment of \$38.7 million. in federal and state grant funding, \$4.7 million in industrial and other support and 41 business spinoffs and expansions.

President Crow stated that one of the things that is interesting about these kinds of projects is these types of facilities are empowerers which allow the universities to bring in other people that then link with other parts of the universities. Rick Shangraw then stated that yesterday there was a renewal on a \$60 million contract with the U.S. Army. That contract would not have been possible without the kinds of programs that are being developed at the universities.

Regent DuVal thanked all of the presenters on behalf of the Board. He went on to say that he hoped that everyone found today's session productive and informative. He stated that this is a bold and far-reaching idea. Arizona's history is marked by similar moments and similar proposals. Early last century when Arizona's ability to grow required a bold move, a large group of farmers had the audacity to bond finance the damming of the Salt River and create the Salt River Project, which accelerated Arizona's economy. Fifty some years later, visionary Arizonans took a similar step when it became apparent that we couldn't grow without Colorado River water and we bonded to bring the Central Arizona Project water to Arizona. And in the early 80's it became apparent that we couldn't grow without a freeway system. Phoenix area and visionaries bonded to create this fixed asset that now serves us so well.

These were big, giant, and audacious leaps forward. Each was in a difficult time and each required both political courage and a long- term vision of what was needed to take Arizona forward. He stated that he believes this is one of those moments. The Regents previously have expressed their support of the program, however, now is the time that the Board should formally consider and approve a resolution in support of the Economic Stimulus Program.

Upon motion by Regent DuVal, seconded by Regent Calderón, the Board unanimously passed the following resolution:

The Arizona Board of Regents supports the proposed Economic Stimulus Program, that will stimulate Arizona's construction industry, and therefore the Arizona economy; complete long-needed infrastructure updates and renovations of university facilities; invest in higher education, research, and innovation through construction of new facilities, and help the State of Arizona to develop a diversified, knowledge-based economy.

The meeting recessed at 12:00 p.m., Thursday, April 24, 2008, and resumed Thursday afternoon April 24, 2008, at 1:51 p.m.

Regent Venezia led the Pledge of Allegiance.

Regent Boice then stated that the next order of business would be the Consent Agenda.

## **CONSENT AGENDA**

Regent Boice stated that Item #27 was removed from the Consent Agenda.

All items on the Consent Agenda that are marked in these minutes with an asterisk (\*) were considered as consent matters and were unanimously adopted upon the motion of Regent Calderón, seconded by Regent Venezia.

### **\*Minutes**

The January 24-25, 2008 Executive Session Meeting Minutes and the March 6-7, 2008 Regular meeting Minutes were approved.

## **ACADEMIC AFFAIRS COMMITTEE CONSENT AGENDA**

### **\*Spring 2008 University Enrollment Report (Agenda Item #7)**

The Board reviewed the summary of spring semester enrollment which is provided annually to keep Board members updated on the number and type of students being served by the university system.

## **CAPITAL COMMITTEE CONSENT AGENDA**

### **\*Sale of Approximately 0.24 Acres of Real Property at 1946 East Speedway Boulevard to Starwood Hotels and Resorts Including Waiver of Board Policy Requiring Public Auction (UA) (Agenda Item #13)**

The Board authorized the University of Arizona to sell 0.24 acres of land on East Speedway Boulevard to Starwood Hotels and Resorts for \$370,000 and a waiver of Board Policy 7-204A. .

### **\*Sale of 1.86 Acres of Real Property on South Terrace Avenue via Participation in a City of Tempe issued Request for Proposals (RFP) Process, or an ASU issued RFP, including Waivers of Board Policy Requiring Public Auction and Other Property and Transaction Information (ASU) (Agenda Item #14)**

The Board authorized Arizona State University to sell, via an RFP process, 1.86 acres of ASU land adjacent to 1.09 acres of land owned by the City of Tempe that the city is making available for sale through an RFP process. The ASU land is east of Rural Road, between East Eighth Street and South Terrace Avenue.

### **\*Project Implementation Approval and Project Approval for Residence Life Warehouse (NAU) (Agenda Item #15)**

The Board approved Northern Arizona University's request for combined Project Implementation Approval and Project Approval for a new \$3.9 million, 16,800 square foot Residence Life Warehouse. The project will be financed with system revenue bonds that will be repaid over a 30-year period using \$260,000 annually from Auxiliary Funds.

**\*Project Implementation Approval and Project Approval for Skydome Turf Replacement (NAU) (Agenda Item #16)**

The Board approved Northern Arizona University's request for combined Project Implementation Approval and Project Approval for turf replacement and floor repairs at the Walkup Skydome athletic facility. The project will be financed with a \$1.5 million system revenue bond issuance that will be repaid over a 5-year period using \$346,000 annually from general university funds.

**\*Proposed Revisions to Board Policies 7-101K, "Definitions," and 7-102D, "Overview of the Capital Development Process and Phases" (Second Reading) (Agenda Item #17)**

The Board approved proposed revisions to ABOR policies which eliminate the current debt ratio calculation in the policy and adopt the debt ratio established in state statute.

**RESOURCES COMMITTEE CONSENT AGENDA**

**\*Request for Authorization to Approve Various New and Continuation Awards (ASU) (Agenda Item #25)**

The Board approved Arizona State University's request for authorization to approve various new and continuation awards as described in the executive summary.

**HUMAN RESOURCES COMMITTEE CONSENT AGENDA**

**\*Approval of Appointment of Vice President and Chief of Staff (UA) (Agenda Item #28)**

The Board approved the appointment of Jacqueline Mok as Vice President and Chief of Staff, University of Arizona.

**\*Approval of Multiple-Year Employment Contract for Volleyball Head Coach (ASU) (Agenda Item #29)**

The Board approved the Multiple-Year Employment Contract for Jason Watson, Volleyball Head Coach, Arizona State University.

**\*Approval of Multiple-Year Employment Contract for Head Coach, Men's & Women's Swimming & Diving Teams (UA) (Agenda Item #30)**

The Board approved the Multiple-Year Employment Contract for Frank Busch, Head Coach, Men's & Women's Swimming & Diving Team, University of Arizona.

**\*Approval of Multiple-Year Employment Contract for Head Coach, Women's Basketball Team (UA)** (Agenda Item #31)

The Board approved the Multiple-Year Employment Contract for Niya Butts, Head Coach, Women's Basketball, University of Arizona.

**\*Approval of Appointments of Regents' Professors (ASU)** (Agenda Item #32)

The Board approved Arizona State University request to promote four faculty members to the rank of Regents' Professor.

**\*Approval of Appointments of Regents' Professors (UA)** (Agenda Item #33)

The Board approved the University of Arizona's request to promote four faculty members to the rank of Regents' Professor.

Regent Calderón announced that the University of Arizona Law College Association will be bestowing the Honorary Alumnus Award on Fred Boice. Regent Boice has supported the university in many ways over the years. He assisted the university in maintaining, funding and recruiting outstanding personnel for the system. He has devoted time to the Arizona Health Science Center, Junior Achievement of Tucson, he is the past president of the Arizona Cattlegrowers Association, the Tucson Airport Authority, the Tucson Thirty, the Tucson Medical Center and the University of Arizona Foundation.

**CALL TO THE AUDIENCE**

Per Board Policy 1-114, time was set aside for Call to the Audience, an opportunity for people to address the entire Board in a public setting to express their views or concerns. There were no requests to speak.

**RECOGNITION OF STUDENT FROM THE UNIVERSITY OF ARIZONA**

Regent Boice stated that at each meeting the Board recognizes a student from the host university. Today we have Stacey Harris. Stacy is a scientist and a dancer who will earn two UA degrees in May to reflect her areas of expertise. Her degrees are from the Department of Physiology and from the School of Dance. She has excelled in both fields and has a GPA of 3.94. She is the outstanding senior in Dance and a candidate for outstanding senior in Physiology.

Additionally remarkable is that she secured professional employment before graduating and stayed current with her studies. She worked with the touring company of "Movin' Out" last summer and took a leave for a while during this academic year to travel with the show.

Stacey has been the recipient of several academic honors, including a UA Academic Scholarship, a Medici Scholarship, Dee's Dancewear Award Highest Academic Distinction and Academic Distinction. She has also been involved in campus and community groups, including the Navigators, a campus ministry with which she went to Nogales, Mexico, to help

build a church. She also participated in a program to help homeless people and another that mentors children who face life challenges as well as volunteered her time to choreograph religious plays, teach dance and cook at a summer camp.

Stacey spoke about her experience at the University of Arizona. She stated that the dance program is one of the top in the nation and the university has provided her with a great education.

## **PUBLIC AWARENESS COMMITTEE (Chair: Regent DuVal)**

### **Update on Solutions Through Higher Education (Agenda Item #2)**

Regent DuVal gave an update on Solutions Through Higher Education. He stated that the group is receiving more invitations to speak and has presented to many organizations such as: Wickenburg Chamber of Commerce and Town Council, Tucson Downtown Rotary, Cholla High School in Tucson, Colorado River and Mohave Mesa Kiwanis, Chambers of Commerce for the East Valley Alliance, Marana, and Chandler, Teacher Education Partnership Committee, Chicanos Por La Causa Senior Managers, NAU Alumni Board, Tolleson City Council, Social Ventures Partners, Bullhead City Morning Club, Arizona Chamber of Commerce Fiscal Policy Task Force, Arizona Association for Economic Development and Patagonia Town Council. There about 800 members of the coalition so far.

Regent DuVal thanked everyone who has made Solutions presentations since the last meeting, especially Regents Boice and Calderon and President Haeger and thanked those that opened the doors for invitations to speak.

He stated that the results that are being achieved are due, in large part, to the extensive expertise and support coming from the Co-chairs, the staff from Riester, universities, and the Board central office.

He then introduced Sarah Smallhouse. He stated that Sarah is a Coalition Co-Chair. She is president of the Thomas R. Brown Foundations in Tucson. The Foundation has provided significant gifts to the University of Arizona, Pima Community College, Tucson Medical Center, the Massachusetts Institute of Technology, Harvard Business School, Wellesley College, the Community Foundation for Southern Arizona, and the Tucson-Pima County Library, just to name a few. She is a graduate of the University of Washington with a B.A. in Economics and she earned her MBA-Entrepreneurship at the University of Arizona. Her community service record is extensive—she not only has been a tremendous support to the *Solutions Through Higher Education*, but also serves on the UA Foundation Board, chairs both the Global Advantage Executive Committee and the Logistics Advisory Council of the Tucson Regional Economic Opportunities organization (TREO), and also sits on the Advisory Boards of the Critical Path Institute, the Tucson Regional Town Hall, and Junior Achievement.

Sarah spoke about why she volunteered to serve as a Co-Chair and why the Solutions coalition is so important.

### **Update on Legislative Activity (Agenda Item #3)**

Christine Thompson joined the meeting for this presentation.

Regent DuVal stated that the Legislative Session passed another milestone since the last Board meeting. The deadline for hearing bills in the opposite chamber has passed, signaling that work on legislation is slowly wrapping up. While many bills have failed to advance through the legislative process, issues may still arise as amendments on germane legislation, as part of budget negotiations, or with special permission from the President of the Senate or Speaker of the House.

The pace of the negotiations on the budgets are the key predictor of the length of this legislative session, and progress is slow. As of today, the legislature has been in session 102 days and there is no target date for adjournment.

The Legislative Affairs Committee - comprised of President Boice, Regent DeConcini, Regent McLendon and Regent DuVal, met April 1 to review and provide guidance on proposed legislation.

Christine Thompson provided an update on legislation and the session. The WICHE continuation bill is moving forward. SB1214 about firearms on campus has failed to advance.

## **REPORT FROM P-20 COUNCIL**

Regent Calderón reported on the April 7, 2008 P-20 Council's Higher Education Committee meeting.

Regent Calderón stated that since the March Board meeting, the Education Alignment and Assessment Committee has met twice and the Higher Education Committee has met once.

He stated that the Education Alignment and Assessment Committee focused on the math alignment project and the "end of course" testing for Algebra II, which the Board heard about during the presentation by the State Board of Education and Professor McCallum of the UA at the March Board meeting. At that time, the Board agreed to provide financial support for the end of course testing pilot, which will be conducted this spring semester.

Another team of university and community college faculty and representatives from the Arizona Department of Education has been formed to address Language Arts courses in high school with the same process that was used for math, working with the organization, ACHIEVE, Inc. This effort is expected to produce more consistency with the courses taught in high schools, statewide, and to better prepare students for higher education and employment.

The Higher Education Committee is a time limited committee formed by the P-20 Council to address some of the outcomes of the feasibility and needs study for higher education that was commissioned by the council last year. The committee is meeting monthly and is expected to culminate its work in June with a set of specific recommendations for the Council. Regent Calderón and the three presidents are on the committee along with a number of the

community college presidents and representatives from private universities. Both Sandy Woodley and Stephanie Jacobson from Board staff are participants.

The discussions have focused on transfer articulation and community college-university relations including such topics as a common course numbering system, joint admissions, alternate funding models, recruiting adult students, and creating university centers. Many of the topics reflect the 6 recommendations developed by the JCC, which the Board approved two years ago. The committee's final meeting is scheduled for early June so a draft of the recommendations is expected to be available at the June Board meeting.

At the last P-20 meeting, Regent Calderón reported on the development of the P-20 Council's communication plan, which is taking an approach similar to our Solutions initiative. The P-20 Council has also contracted with Riester. Paul Luna of the Helios Foundation and chair of the P-20 Communications Committee is providing the leadership for this campaign. The intention is to provide an umbrella program which will support initiatives being developed by other educational entities, such as ABOR, who will have more targeted or specific messages. The title and tag line for the campaign is, "Expect more Arizona... Because a better education means a better life".

This is clearly very complimentary to the message ABOR is delivering about the role of higher education. Regent Calderón stated that he believed that ABOR's efforts will be strengthened by a collaborative campaign with the P-20 Council, and he proposed that the Board approve a resolution of support for the P-20 Council's "Expect More Arizona" initiative.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved the following resolution in support of the P-20 Council's Collaborative Communications Campaign:

WHEREAS, the primary goal of the P-20 Council is to improve education in Arizona, as well as to ensure more students graduate from high school, succeed in college and are ready for the modern workforce; and

WHEREAS, the P-20 Council through its Communications Committee wishes to launch a collaborative communications campaign called Expect More Arizona, in furtherance of the goals and objectives of the P-20 Council; and

WHEREAS, the Arizona Board of Regents has launched a public awareness campaign, called Solutions Through Higher Education, which stresses the importance of improving the educational performance and educational attainment of students throughout the education continuum;

THEREFORE, BE IT RESOLVED, that the Arizona Board of Regents pledges its support for the P-20 Council's plans for a collaborative communications campaign and commits to collaborate with the P-20 Council in this effort.

#### **ACADEMIC AFFAIRS COMMITTEE (Chair: Regent DeConcini)**

##### **Report on the Academic Affairs Committee Meeting (Agenda Item #4)**

Regent DeConcini gave an update on the March 25, 2008 Academic Affairs Committee meeting. He stated that at the January Board meeting the Board approved a change to

Board policy which established institutional Academic Strategic Plans. The plans will be the means by which the Board approves new academic programs and organizational units as well as changes to the existing programs and units. At the January Academic Affairs Committee meeting, the Committee approved the general outline for the plans and at this last meeting approved a common reporting template.

The Provosts will bring their Academic Strategic Plans to the committee for the first time at the May meeting. Upon the committee's recommendation the plans will be forwarded to the Board for review and approval at the June meeting.

The committee continues to approve the universities' requests for new academic programs and organizational units. At this meeting, the Committee approved the following items:

Arizona State University:

Implement: BS in Science, Technology and Society, (Polytechnic).

Reorganize: New College of Interdisciplinary Studies, (West).

Northern Arizona University

Relocate: School of Forestry to the College of Engineering and Natural Sciences.

University of Arizona

Implement: BS in Geography.

Disestablish: BS in Geological Engineering.

These requests were reviewed by the other universities and provosts before coming to the committee for action. No concerns were raised and they were approved unanimously.

Also in this meeting, the universities and central office provided additional information on the tenure post-tenure report. The annual report has always included an analysis of tenure decisions based on gender and ethnicity but we were informed that there has been a marked increase in the numbers of faculty members who are choosing not to declare their ethnicity. The information that was provided suggests that the Committee may need to approach the analysis of ethnicity in a different way. The Committee has asked the provosts to appoint a work group to recommend how best to address this issue in next year's report.

**Proposed Revision to ABOR Policy 4-103, "Collection of Student Fees" (First Reading)**  
(Agenda Item #5)

Regent DeConcini stated that the Board was being asked to review, on first reading, a proposed revision to ABOR Policy 4-103 to increase the maximum student delinquent financial obligation allowed at registration from \$25 to \$200. This item was reviewed by the Academic Affairs Committee at its March 25, 2008 meeting and is recommended for Board approval.

He stated that currently students who owe as little as \$25 on things like library fines or parking fines are precluded from registering for classes, which is a real hindrance to students who are trying to lock in courses and plan for the upcoming semester. The proposed revision would give the universities the flexibility to increase this amount to \$200.

**Revision to ABOR Policy 4-207, "Review Procedure," for Tuition Classification (First Reading) (Agenda Item #6)**

Regent DeConcini stated that the Board was also being asked to review, on first reading, the proposed revisions to ABOR Policy 4-207. The revisions will streamline the Board requirements that apply to student appeals of their residency classification for tuition purposes.

Nancy Tribbensee joined the meeting for the presentation. Nancy stated this is a request to streamline the review procedures for residency classification. With the increase in tuition and an increase in the number of students, there is an increase in the number of appeals for residency status.

**AUDIT COMMITTEE (Chair: Regent Mariucci)****Audit Committee Report to the Board (Agenda Item #18)**

Regent Mariucci updated the Board on the April 24, 2008 meeting.

Regent Mariucci stated she would be reporting on four areas: Resource investment, component unit governing, redefining the role of internal audit, and construction auditing.

**Resource investment:** The Committee has undertaken an analysis of peer group investment and internal audit resources and on any measure the university system is 25% under resources. This system is also the most rapidly growing system and this system is spending more capital in the system facilities which produce a much higher level of audit scope and coverage. The Audit Committee has tasked the CFO's and Audit Directors at each university to put plans together and budgets together that will provide the audit areas with a full complement of staffing.

**Component Unit Governing:** Across the three universities there are thirteen affiliated components that get consolidated into the financial statements which include organizations like the foundations, the research parks. In the annual audit cycle undertaken by the State Auditor General, five of those thirteen component units were found to have material weaknesses in incidental controls and operations this year. Representatives of those component units have been called in front of the committee to discuss their issues and there are now satisfactory responses and corrective actions in place for all of the component units. Proposed guidelines of governance that apply to the component units are being considered. The proposed guidelines are further being revised to include such items as term limits, diversity and subject matter expertise. It is anticipated that a document will be brought back to the Audit Committee in July.

**Redefining the role of Internal Audit:** Enterprise Risk Management (ERM) is a foundation to prioritize governance initiatives and audit resources. The Audit Committee has a team that is studying how to apply ERM to the universities' functions. The highest risk area of our business today is construction, the magnitude of what we have built and what we have underway and what we are hopefully of having the opportunity to build. The universities need to be the best in class at construction management and administration. The goal is to get

there. It will take more investment in audit resources and also ensuring that the audit resources that we do have are auditing the correct thing. Far too often we are seeing our precious audit resources to deal with activities and things that happen that are really managerial in nature. Internal audit resources are very specialized people that need to be focused on the highest risk priorities of the system, and the managers need to manage.

Construction Auditing: Systemwide approximately \$700 million worth of capital improvements have been completed in the last few years. We are just beginning to audit construction contracting. The first comprehensive construction audit has just been completed and there were some significant findings. From these significant findings come opportunities to modernize, optimize, maximize all the business processes that we have starting with how we conceive the projects, and how we select and work with contractors, and how we administer and audit the contracts.

The Committee wants to have a standardized construction audit workscope and methodology that will be universally applied to all projects. The Committee also wants to standardize the construction documents. The interface between the university construction management department and the Capital Committee needs to be improved and strengthened.

Finally, the Audit Committee will be reviewing existing state laws which affect the universities' ability to work with and pay contractors and determine how to change the areas that need to be changed.

Regent Mariucci also stated that Fran Foy, the UA Chief Auditor is retiring and her successor has been appointed.

#### **CAPITAL COMMITTEE** (Chair: Regent Calderón)

Regent Calderón stated that the Capital Committee was going to be discussing how the Board can support the nation's veterans by requiring a veteran's hiring preference in construction contracts. This is consistent with the Executive Order recently issued by the Governor in support of the "Helmets to Hardhats" program. Nancy Tribbensee, General Counsel, will work with the universities to develop language that would require contractors to provide a preference to veterans in their hiring decisions. This matter will come back through the Capital Committee.

#### **Revised Project Approval for Memorial Union Fire Renovations (ASU)** (Agenda Item #8)

Regent Calderón stated that Arizona State University was requesting Revised Project Approval to increase the budget for Memorial Union Fire Renovations from \$40 million to \$53 million for additional code compliance requirements, fire alarm systems and asbestos abatement. This item was reviewed by the Capital Committee at its April 3, 2008 meeting and is recommended Board approval.

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Carol Campbell stated that this item was approved in December 2007 based upon the best estimate at that time. The Fire Marshall requested that a code consultant review the

requirements for the review. His review stated that two entirely new stairways be added to the project, he required extensive changes to a third stairway, and there were other minor modifications required. It is expected that the majority of this increase will be paid for by insurance.

Regent DeConcini asked if there would be any other increases. Carol Campbell stated that they do not believe there will be any.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously approved Arizona State University's request for Revised Project Approval for the Memorial Union Fire Renovations project, as presented in this Executive Summary.

**Acquisition of Real Property from Eight Privately Owned Fraternities on Alpha Drive by Purchase, Eminent Domain or Exchange (ASU) (Agenda Item #9)**

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting authority to acquire eight privately owned fraternities by purchase, eminent domain or exchange. This item was reviewed by the Capital Committee at its April 3, 2008 meeting and is recommended for Board approval.

Carol Campbell stated that the university has been and still is working with the landowners of Alpha Drive. The area is run down and blighted. Carol Campbell stated that, at this time, the university would like to continue working with the landowners. Regent Bulla will assist with the continuing negotiations.

Upon motion by Regent Bulla, seconded by Regent McLendon, the Board unanimously approved ASU's request to continue to work with the representatives of the landowners through July 1, 2008, and if no agreement is reached, at anytime thereafter, ASU will provide the Capital Committee and the Board a proposed action to acquire the properties including eminent domain. ASU shall provide its proposal at least 30 days before a scheduled Board meeting.

**Lease of 9.5 Acres, with Option for Sale of up to 50%, of Real Property on Rio Salado Parkway East of Rural Road to Laguna Pacific/Wolfe Company, and Waiver of Board Policy Requiring Public Auction if Sale Option is Executed (ASU) (Agenda Item #10)**

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting authorization to lease (in up to three phases) the approximately 9.5 acre Rio Salado property located north of Rio Salado Parkway and east of Rural Road to Laguna Pacific/Wolfe Company, a private development company. ASU is also requesting authorization to include an option to sell up to 50% of the lease property to facilitate the development of "for sale" residential housing, and a waiver of Board policy requiring public auction. This item was reviewed by the Capital Committee at its April 3, 2008 meeting and is recommended for Board approval with the

provision that revenue from the transaction be used to minimize the impact on tuition and fees from other capital projects.

Carol Campbell stated there have been two changes to this project since the documents were submitted to the Board for action. The first is that at the time of submittal, the updated appraisal had not yet been received. The updated appraisal came in at \$50/sq. ft. The second is that, with further discussion of Board members, one of the terms of this agreement has been altered so that the agreement can be further negotiated, but Phases 2 and 3 shall be the average of the two appraisals with a floor of \$42/sq. ft.

Regent Boice stated that he was concerned about the Board changing the terms of this agreement at this late date and was not going to be voting for this item, with these changes.

Regent DeConcini stated that he appreciated what Regent Boice said and he will not be voting for this item because of the late changes to the terms.

Regent Mariucci stated that she also was very sensitive to this matter, but she did not see this as a new change. She stated that there as been a significant gap in these two appraisals and this has always been a concern.

Upon motion by Regent Calderón, seconded by Regent Mariucci, the Board authorized Arizona State University to lease 9.5 acres, with an option to sell up to 50% of real property on Rio Salado Parkway to Laguna Pacific/Wolfe Company, including a waiver of Board policy requiring public auction if the option to sell is executed; and with the provisions that the lease amount for Phases 2 and 3 shall be no lower than \$42 per square foot and the revenue from the transaction be used to offset tuition and fees that would be used to pay debt for other capital projects, as presented in this Executive Summary with a vote of Regent Boice and Regent DeConcini voting no; and Regents Bulla, Calderón, DuVal, Leonard, Mariucci, McLendon, and Venezia voting in favor of the motion.

### **Acknowledgement and Approval for Component Unit to Issue Lease Revenue Refunding Bonds (ASU) (Agenda Item #11)**

Carol Campbell and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting acknowledgement and approval of the existence and purposes of Nanotechnology Research LLC, Sun Devil Energy Center LLC, and McAllister Academic Village LLC, and the issuance by each LLC of Lease Revenue Refunding Bonds to refinance each LLC's variable rate demand revenue bonds, related agreements and costs of issuance. This item was reviewed by the Capital Committee at its April 3, 2008 meeting and was recommended for Board approval.

Carol Campbell stated that with the downgrade of a number of bond insurers, it is important that ASU is able to market these bonds regularly. These are bonds that are owned by LLC's which are component units of ASU.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously acknowledged and approved the existence and purposes of Nanotechnology Research LLC,

Sun Devil Energy Center LLC, and McAllister Academic Village LLC, and approved the issuance by each LLC of its revenue refunding bonds in a principal amount sufficient to refinance each LLC's outstanding variable rate demand revenue bonds and the related agreements and to pay the costs of issuance of the new revenue refunding bonds as presented in the Executive Summary.

### **Acknowledgement and Approval for Component Unit to Issue Lease Revenue Refunding Bonds (NAU) (Agenda Item #12)**

Kathe Shinham and Lorenzo Martinez joined the meeting for this presentation.

Regent Calderón stated that Northern Arizona University was requesting acknowledgement and approval of the existence of Pine Ridge Village/Campus Heights LLC, and approve the issuance by the LLC of Lease Revenue Refunding Bonds to refinance variable rate demand revenue bonds, related agreements and costs of issuance. This item was reviewed by the Capital Committee at its April 3, 2008 meeting and was recommended for Board approval.

Kathe Shinham stated that this mirrors what ASU is doing. The current plan is to go with fixed rate bonds. NAU has engaged a firm to do an independent review when the bonds go to market to ascertain that the bond rates are consistent with the market conditions at that time.

Upon motion by Regent Calderón, seconded by Regent DeConcini, the Board unanimously acknowledged and approved the existence of the Pine Ridge Village/Campus Heights LLC and approve the issuance by the LLC of its Lease Revenue Refunding Bonds to refinance variable rate demand revenue bonds, and the related agreements and to pay the costs of issuance of the new revenue refunding bonds as presented in the Executive Summary.

Regent Calderón then stated that Regent Mariucci had agreed to chair an ad hoc committee of the Capital Committee to look at the system relative to approval of capital projects. The Capital Committee wants to make certain that the approval of construction projects fulfill the stewardship to the citizens of Arizona while still being reflective of modern day business practices. Mark Neumyar and Dave Harris will also serve on this committee.

## **ADMINISTRATIVE BUSINESS**

### **Election of Officers (Agenda Item #19)**

Regent Boice stated that the next order of business would be the election of officers for terms beginning July 1, 2008. Regent Boice called for nominations.

Regent DeConcini stated that in recognition of the excellent job that the current officers have done in their current positions, and in the interest of promoting continuity on the Board, he would like to nominate the following slate of officers: Regent Boice for President, Regent Calderón for Vice President, Regent Mariucci for Secretary and Regent DuVal for Treasurer.

Upon motion by Regent DeConcini, seconded by Regent Calderón, the Board unanimously elected Regent Boice as Board President, Regent Calderón as Vice President, Regent Mariucci as Secretary and Regent DuVal as Treasurer.

The meeting recessed at 3:56 p.m., Thursday, April 24, 2008, and resumed Friday morning, April 25, 2008, at 9:35 a.m.

Regent Boice stated that the first order of business was the report from the President of the University of Arizona.

President Shelton introduced Dr. Thomas Brown, Chief Operating Officer of the Arizona Cancer Center. Dr. Brown introduced Dr. Elena Martinez, Professor of Epidemiology at the Mel and Enid Zuckerman College of Public Health and Associate Director for Cancer Health Disparities at the Arizona Cancer Center and Dr. Peter Lance, Professor of Medicine and Professor Molecular and Cellular Medicine and Public Health and Co-Director of the Cancer Prevention and Control Program at the Arizona Cancer Center. Dr. Martinez discussed the Arizona Cancer Center's Cancer Health Disparities Institute and Dr. Lance reported on the virtual colonoscopy by telemedicine.

#### **REPORT FROM THE ARIZONA COMMUNITY FOUNDATION (ACF) AND THE ELLIS CENTER FOR EDUCATIONAL EXCELLENCE**

Regent Boice introduce Bob King, the Executive Director of the Arizona Community Foundation (ACF), who will be discussing the ACF publication, "Educating Arizona."

Bob King stated that the Arizona Community Foundation is a public charity that is about to celebrate its thirtieth anniversary. He stated that the Foundation is the largest provider of college scholarships other than the universities themselves, last year awarding over 1,000 scholarships and the majority of the students receiving them attending one of the universities. The Foundation is helping to improve teacher education and supports the Arizona Indicators Project at ASU.

The first step in preparing this report was to determine where the public education system was at this time. The data was assembled and the report was completed. There are two reports, one which focusing on early childhood education and one that focuses on K-12 education.

On too many academic measures, Arizona is in the bottom tier of states, while the United States itself is falling behind many other nations. Just as significant, Arizona compares unfavorably on most system indicators that explain the conditions under which are children, especially low-income children, are being taught; inadequate early childhood learning opportunities, difficult conditions for teaching and leadership, especially in certain locales, standards that fall short of what business and university leaders say are required for success; and a funding system that spends less per student than 48 other states.

These conditions can be fixed, and there are promising signs that Arizona is starting to do so. Arizona has many advantages that other states and nations only dream about. While other

states are losing jobs, closing schools and shutting factories, we are adding them. Other states and nations are just beginning to confront the demographic, social and cultural challenges that are commonplace to us.

The Arizona Community Foundation has made seven recommendations for improvement of the educational systems. They are:

1. Implement internationally competitive academic standards and comparably aligned curricula. Move from a system that advances students based on age and time spent to one in which demonstrated mastery of subject matter is the determining factor for promotion.
2. Refine and improve teacher preparation and elevate the status and compensation of teachers. Link pay to performance, and provide relevant and effective professional development. Create pay differentials to attract teachers into high-needs districts and high-needs subjects.
3. Enhance the quality of training, and increase compensation for administrative leaders, from building principals to district superintendents.
4. Improve the quality of our state's charter schools through greater accountability and transparency.
5. Strengthen the school financing system by addressing demonstrated needs and insisting on measurable results. Creative approaches for allocating resources are needed, in particular, to ensure that students from low-income families receive greater support.
6. Create a need-based tuition assistance program to dramatically increase the number of college students. Providing increased postsecondary opportunities is essential for the state to meet the increasing demands for a more highly educated workforce critical to the 21st century economy.
7. Develop common performance metrics from early childhood through postsecondary education to ensure that everyone is clear about expectations and held accountable for agreed upon results. Such agreements are all the more important given the state's diffuse system of education governance.

Regent DuVal stated that this report is critically important. The Board is in complete agreement that the system is under resourced. And, the Board is very happy that an outside organization, such as this one, took on this challenge.

Regent DeConcini suggested that the Board express its support of this document to the Legislature. We need to pass on the message that the Board finds this report to be extremely important and relevant to today's debate and we urge the committee chairs to hold hearings to allow Mr. King to make this presentation.

Regent Calderón agreed with Regent DeConcini and suggested that the Legislative Affairs committee work on getting legislators to see and hear this report.

President Crow thanked Mr. King for the presentation and all of the help that he has provided to the universities. President Crow stated that he felt the Board had been focused on price as the access conditioner as opposed to financial aid as the access conditioner and asked if Mr. King could speak to what that means. Mr. King stated that New York is the opposite of Arizona. He stated that in New York, if you are motivated to go to college, money is not an obstacle. New York has the most robust tuition assistance program in the country. It

provided up to \$5000, which exceeded the public university tuition. The only conditions were you had to be a New York resident and you had to be attending a university in New York, public or private. It was need-based and it removed affordability as an issue for thousands and thousands of students. It then allowed the federal resources to provide the additional funds for room, board and books, etc. It also separated from the college operating budget the issue of cost for students at the same time it allowed New York to apply 100% of its operating revenues to operating the university.

President Haeger stated that a lot of people just don't believe this message and are having a hard time understanding how the education system got to this point. Everyone needs to work hard on getting this message to the legislature and the general population. This is a problem for the entire country.

### **TECHNOLOGY OVERSIGHT COMMITTEE** (Chair: Regent DeConcini)

#### **Report from the Technology Oversight Committee** (Agenda Item #20)

Art Ashton joined the meeting for this presentation.

Regent DeConcini updated the Board on the Technology Oversight meeting of April 23, 2008.

Regent DeConcini stated that the Technology Oversight Committee met on April 23 and had a full agenda. The Committee recommended to the Board, for first reading, a set of IT policies. The policies include the practices the Committee has been following for over five years as well as a new set of IT security policies. In addition, IT guidelines were approved by the Committee and are also included in Agenda Item #22.

The universities presented their Five-Year IT Strategic Plans. The plans follow a consistent format and specifically identify future IT Plans and projects. The IT Strategic Plans link to the universities five-year plans and will also link to the new system strategic plan.

Regent DeConcini also stated that funding has been approved for two important collaborative IT Projects recommended in the Moran Technology Consulting report: A tri-University Vulnerability Scanning Management Solutions Project in the amount of \$195,000 from the Board's Technology Innovation Fund, and a collaborative IT Supercomputing Sharing Project in the amount of \$150,000 from the Board's ARRO fund.

The Committee also reviewed and recommended for approval the UA's Enterprise Systems Replacement project. This project uses the PeopleSoft/Oracle Student and HR systems that NAU and ASU have previously implemented. The evaluation of the PeopleSoft system by UA was also a recommendation in the Moran report.

#### **Enterprise Systems Replacement Project (UA)** (Agenda Item #21)

Regent DeConcini stated that the University of Arizona was seeking Board authorization to finalize plans to replace its suite of administrative applications at an estimated cost of \$90 million over a 5-year period. The UA has chosen to bring eight major systems for approval in one package. The UA will be bringing each individual systems detailed development plan to

the Technology Oversight Committee for review and approval. Central Office staff has also been asked to retain expert consultants to monitor the projects and provide quarterly progress reports to the Committee. The consultants will be funded from the Board's Technology Innovation Fund.

Upon motion by Regent DeConcini, seconded by Regent Leonard, the Board unanimously approved the UA's Enterprise Systems Replacement Proposal with the understanding that the Financial, Research Administration, Student Recruiting, Student Information, Human Resources/Payroll, Budget and Business Intelligence project implementation plans will be presented to the Technology Oversight Committee for review and approval.

### **Information Technology Policies (First Reading) (Agenda Item #22)**

Art Ashton joined the meeting for this presentation.

Regent DeConcini stated that the Board was being asked to review, on first reading, a proposed addition to ABOR policies 9-101 through 9-305, "Chapter IX – Information Technology." This item has been reviewed by the Technology Oversight Committee.

### **STRATEGIC PLANNING, BUDGET AND FINANCE COMMITTEE (Chair: Regent Bulla)**

#### **Report from the Strategic Planning, Budget and Finance Committee (Agenda Item #23)**

Sandy Woodley joined the meeting for this presentation.

Regent Bulla updated the Board on the recent Strategic Planning, Budget and Finance Committee meetings.

Regent Boice stated that the Strategic Planning, Budget and Finance Committee met Wednesday, April 23, 2008.

Sandy Woodley stated that if the strategic plan is implemented correctly, it will never be done, however, milestones will be accomplished. Phase I is complete. A preliminary framework has been set up, components have been looked at, targets have been set, modeling has been worked on. Phase II is trying to complete the draft of the macro plan which is the high level plan that looks at the performance measures, the strategies needed to get to 2020 in each of the components. The draft should be available at the June Board meeting. Phase III will include the comprehensive funding model review. The final Phase, which is the part that will never be completed is the part where the work that is being done is aligned with the plan.

#### **Approval of Revised FY 08 General Fund Appropriations (Agenda Item #35)**

Regent Bulla stated that the next order of business was to approve the proposed FY 2008 general fund reductions to the universities and board central office.

Regent Bulla stated that on April 17, 2008, the Arizona House and Senate passed the FY 2008 Budget Reduction Bill reducing FY 2008 general fund appropriations for state agencies, the universities and the central office. The Bill includes a reduction of \$26.075 million for the

university system. This consists of \$10.5 million for the UA College of Medicine-Phoenix to be split equally by the UA and ASU, \$875,000 rollback of FY 2008 Math & Science Teacher Initiative Loan program and \$14.7 million lump sum reduction to the universities, to be determined by the Board. The reduction is allocated at \$6,622.2 million for ASU, \$2,169.6 million at NAU and \$5,908.2 million at UA.

Regent Bulla stated that these cuts are painful, but further cuts could be devastating to the university system.

Regent Bulla then moved, Regent Calderón seconded, and the Board unanimously approved the proposed FY 2008 general fund reductions to the universities and the Board's central office as presented in the executive summary.

### **RESOURCES COMMITTEE** (Chair: Regent Calderón)

#### **Approval of Settlement of Claims of Ruth Valdez and Lawsuit: Ruth Valdez v. Arizona State University** (Agenda Item #34)

Nancy Tribbensee joined the meeting for this presentation.

Regent Calderón stated that Arizona State University was requesting Board approval to settle the claims and corresponding lawsuit filed by Ruth Valdez against Arizona State University.

Upon motion by Regent Calderón, seconded by Regent Bulla, the Board unanimously approved the Board's request to settle the claims and correspondence lawsuit filed by Ruth Valdez against ASU according to the terms and conditions as set forth in the executive summary.

#### **Report on the Tuition Task Force** (Agenda Item #24)

Sandy Woodley joined the meeting for this presentation.

Regent Calderón stated that the Tuition Task Force will also be looking at other costs that students are facing. For example, student health insurance premiums are increasing. He stated that the Task Force will look at items like this because they are a part of the overall cost of attending the university.

Regent Calderón further asked central office staff to review the ABOR investment policy to ensure that it is consistent with the State Treasurer's policy resulting from newly enacted legislation re: divestiture of investment holdings in the Sudan.

Regent Calderón then presented an update to the Board on the proceedings of the Tuition Task Force. Regent Calderón stated that the task force will hold its second meeting as soon as we adjourn today. The Tuition Task Force will hear a proposal from Arizona Students Association on a fee increase that was approved recently by the students. The task force will be briefed on the state of the economy and the student loan environment as it relates to possible side effects of the shaky credit market. The task force will be hearing directly from students who have compiled a list of issues they would like to see addressed. The task force

will debate and prioritize a list of factors developed by the staff team that are important in the consideration of tuition. And finally, there will be a stakeholder discussion so that each group can express its ideas about future recommendations of the task force.

## **REPORT FROM THE ARIZONA FACULTIES COUNCIL**

Dr. George Watson discussed the various teaching improvement programs and resources available to faculty at the universities. NAU has a Faculty Development Program, ASU has a Center for Learning and Teaching Excellence and UA has the University Teaching Center.

### **HUMAN RESOURCES COMMITTEE (Chair: Regent Bulla)**

#### **Approval of Extension to Multiple-Year Employment Contract for Head Football Coach (NAU) (Agenda Item #26)**

Regent Bulla stated that the Board was being asked to approve the extension of the Multiple-Year Employment Contract for Jerome Souers, Head Football Coach, Northern Arizona University, for one additional year, for the period of January 1, 2009 through December 31, 2009. The Human Resources Committee reviewed this item and recommended for Board approval.

Upon motion by Regent Bulla, seconded by Regent Calderón, the Board unanimously approved the extension of the multiple-year employment contract for Jerome Souers, Head Football Coach at Northern Arizona University, for the period of January 1, 2009 through December 31, 2009, with a base salary of \$105,000 per year for 2009, according to the terms and conditions as set forth in the executive summary.

#### **Approval of Appointment of Vice President for Human Resources (UA) (Agenda Item #27)**

Regent Bulla stated that the Board was being asked to approve the appointment of Dr. Allison M. Vaillancourt as Vice President for Human Resources, University of Arizona. This item was reviewed by the Human Resources Committee and recommended for Board approval.

Upon motion by Regent Bulla, seconded by Regent Calderón, the Board unanimously approved the appointment of Dr. Allison M. Vaillancourt as Vice President for Human Resources, with a fiscal year salary of \$210,000, effective July 1, 2008.

## **REPORT FROM THE JOINT CONFERENCE COMMITTEE (JCC) OF THE UNIVERSITIES AND COMMUNITY COLLEGES**

President Haeger stated that the JCC last met on March 19. A DVD was previewed for high school students who may or may not be considering college, but it makes the case that college is where they need to go. The DVD was developed by ATASS. The DVD should be delivered to all Arizona high schools by fall. The JCC was also asked to reopen the

discussion on 4-year degrees at community colleges. The next meeting will be in May. The committee is also looking at common course numbering systems.

**INQUIRIES, REQUESTS, REPORTS, AND COMMENTS FROM REGENTS AND MEMBERS OF THE COUNCIL OF PRESIDENTS**

Regent Boice, on behalf of the Regents, thanked the University of Arizona, President Shelton and all of the staff for their hospitality, a great job and a great meeting.

**ADJOURNMENT**

The meeting adjourned at 11:35 a.m.

SUBMITTED BY:

Margaret L. Martin  
Secretary to the Board

APPROVED BY:

Fred T. Boice  
President